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FACULTY OF BUSINESS AND MANAGEMENT  
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# ANALYSIS OF THE SELECTED COMPANY BY USING THE SELECTIVE METHODS

ANALÝZA VYBRANÉHO PODNIKATELSKÉHO SUBJEKTU POMOCÍ VYBRANÝCH METOD

DIPLOMOVÁ PRÁCE  
MASTER'S THESIS

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This version of the master's thesis is shortened (according to Dean's directive no. 2/2013). It does not contain company's internal information that are secret affairs of business according to the company decision.

Tato verze diplomové práce je zkrácená (dle Směrnice děkana č. 2/2013). Neobsahuje informace o subjektu, u kterého byla diplomová práce zpracována, které jsou dle rozhodnutí společnosti její obchodním tajemstvím a utajovanými informacemi.

## **ABSTRACT**

The Master's thesis deals with the analysis of the current situation of company Pro-staff Ltd. which is used for the creation of suggestions and proposals for the company's development. In the first part, the main aim and objectives as well as methodology of work are presented, whereas the second part contains the theoretical basis for the third part. Third part includes analysis where attention is paid on macro and microeconomic business environment. Finally, the thesis is completed by specific recommendations and conclusions based on results obtained from the analytical part. Suggestions concern HR management, protection of company name and brand, continual improvement of service quality and information and communication sharing within the company.

## **ABSTRAKT**

Diplomová práce se zaoberá analýzou súčasného stavu Agentury - Pro-staff s.r.o., ktorá je využitá na tvorbu návrhov pro rozvoj spoločnosti. V prvej časti jsou definovány ciele a metodika práce, zatiaľčo druhá časť obsahuje teoretické podklady pro časť tretiu, ktorá se venuje analýzám. Pozornosť je venovaná macro a micro okoliu. Poslední časť obsahuje vlastní návrhy autora, ktoré sú vytvorené na základe výsledkov z analytickej časti. Návrhy se týkajú řízení lidských zdrojů, ochrany jména a značky firmy, neustálého zlepšování, kvality jejich služeb a sdílení informací a komunikaci v rámci společnosti.

## **KEYWORDS**

Animator, Porter's five forces, financial analysis, Quick Test, Employee analysis, Organization, Communication, Intranet

## **KLÍČOVÁ SLOVA**

Animátor, Porterov model piatich sil, Finančná analýza, Quick Test, Analýzy zamestnancov, Organizácia, Komunikácia, Intranet

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## **DECLARATION OF ORIGINALITY**

I declare that this master's thesis is authentic, originated entirely by me myself. Information derived from published sources has been acknowledged in the text and are referenced in the list of references. I also declare that I did not breach any copyright in sense of Act. No.

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Brno 2015

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Ing. Denisa Jelčová

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## INTRODUCTION

Slovak tourism continues in the slow post-crisis recovery. The number of inbound and outbound trips grew significantly during 2013. Growth of inbound tourism was supported by the European City of Culture Kosice in 2013. Tourist attractions in Slovakia are growing in popularity every year. Holding a strong position among tourist attractions are aqua and thermal parks which benefit from the effective marketing, the growing number of operators and the increasing popularity among domestic tourists. Mentioned attractions also benefits from the waves of renovation when castles, museums and other attractions improve not only their facilities, but also their approach towards marketing, animation programmes and their attractiveness for visitors (EUROMONITOR, 2014).

In tourism industry, the product contains numerous services that customers perceive at a destination (JAKUBÍKOVÁ, 2012). Horn and Faulkner (1999) compare “hardware” and “software” to services in tourism industry. In the terms of the hotel industry “hardware” such as beds or televisions are relatively more straightforward to co-ordinate and deliver to customers than “software”, such as style and atmosphere of a hotel or how the staff conduct themselves in their dealings with guests.

The industry is dynamic and competitive, and therefore requires the ability to adapt frequently because Customers’ needs and desires in tourism are constantly changing. The customer’s satisfaction, safety and enjoyment are particularly the focus of tourism businesses (JAKUBÍKOVÁ, 2012). The customer’s satisfaction, entertainment and holiday environment are main focuses of selected company for this diploma thesis. Pros-staff Ltd. is the Slovak event and entertaining company with its headquarters in capital city Bratislava. Firm is operating mainly in tourism industry. The main business activities related to the topic are follows: providing entertaining services for the hotels, water parks, ski, spa and wellness resort, organizing different type of the event: birthday parties, weddings, concerts, corporate event. Company has already set up its business activities in neighbouring countries such as the Czech Republic, Poland and Germany. (PRO-STAFF EVENT AGENCY, 2015).

The master's thesis deals with the external and internal analysis of business situation of the Slovakia based company operating in the tourism industry. Moreover, author's aim is to provide recommendations and proposals for company improvement based on the outputs obtained by analyses.

Firstly main objective of this diploma thesis as well as selective methods are presented. Secondly, the author's work involves related theoretical background. After that, the company presentation will be introduced, followed by a chapter concerning analysis to identify current situation of the selected organization, further chapter contains implication of obtained results on the company current conditions. At the same time the part consists recommendations and proposals for the improvement of particular company based on the study and theory stated below.

# **1 THE OBJECTIVES AND METHODS OF THE THESIS WORK**

The main objective of this master's diploma thesis is to provide the analysis of the current position of company Pro-staff Ltd. The medium-sized enterprise from Slovakia focuses on the placing of entertainers into hotels, water parks, mountain resorts, spa and wellness establishments. For the purposes of this master's thesis the word entertainer is interchangeably with the word animator. Moreover, the company organizes different kind of events. More information is available in chapters 3.1 and 3.2.

Apart of the company evaluation, the aim of diploma thesis is to offer recommendations and proposals for company improvement. To achieve stated aims following methods are used. Primarily, theoretical background is written according by specific literature related to the animation services in the tourism industry. Secondly, the following consequent chapter consist practical outputs where different analyses are implemented. Analytical part corresponds to its structural division laid out in previous part. Reader of this master's thesis becomes familiar with company surroundings by PESTEL analysis. Porter Five Forces Analysis concerns firm's competitive environment. To identify organization internal scene, Mc Kinsey 7S analysis is selected, while evaluation of current financial situation is made by Financial Analysis and Quick Test. Moreover, to recognize opportunities and predict threats of the market and considering using company strengths and weakness, the SWOT analysis is conducted. The thesis contains as well interview with the company owner and questionnaire is the source of primary data included in this master's thesis. Attached Interview in Appendix 1 focuses on future strategies and company insides whereas questionnaire represents results of staff satisfaction and its loyalty. Finally, the last part of this thesis consist proposals and recommendations based on the results obtained in analytical part.

## **Methodology of the thesis**

In the presented master's thesis following method are used:

- **Logic Methods**

### **Analysis and Synthesis**

Analysis and Synthesis are philosophical terms denoting the processes of mentally breaking down of a whole into its constituent parts (analysis), and reconstituting a whole from its parts (synthesis) (SYNEK et. al., 2007).

### **Description**

It is mainly used in theoretical part where where fundamental definitions are introduced. Description means an objective and disinterested representation of problems or situation (SYNEK et. al., 2007).

### **Comparison**

An analysis based on pointing out of similarities and differences between things is called analysis. In this diploma thesis is used in chapter 3 where different results from questionnaire are presented.

### **Deduction and Induction**

The logic methods often refer to another two broad methods of reasoning, the deductive and the inductive approaches. Deductive reasoning works from the more general to the more specific whereas inductive reasoning works the other way, moving from specific observations to the broader generalizations and theories. The deduction consists of following steps: theory-hypothesis- observation-confirmation. The induction is formed by observation-pattern-tentative hypothesis-theory (TROCHIM, 2006).

- **Empirical Methods**

## **Interview**

Data allows businesspeople and other individuals such as researchers to understand particular issues. How people gather this data, however, varies based on situational need. One of the most widely used options for data collection is the open-ended interview, which is used by itself or in conjunction with other options such as closed-ended surveys. An open-ended interview is a way of gathering information from people. An interviewer asks questions of a participant, who then answers those questions. The interview is considered open-ended because even though the questions can be scripted, the interviewer usually doesn't know what the contents of the response will be. In this diploma thesis is specially used is semi-restrictive. The interviewer uses a general outline of issues or questions, but can use other questions generated spontaneously or go to other topics based on the responses of the participant (THIBODEAUX, 2015).

## **Questionnaire**

One of the most popular measurement instrument is focused on data collection across the entire animation agency. The questionnaire for Pro-staff's staff is close-ended questionnaire and consist of following areas: Basic information about respondents, Information sharing and Communication in the company, Loyalty of employees, Employee relationship to company and Employee satisfaction. For more information see Appendix 2.



## **2 THEORETICAL BACKGROUND**

### **2.1 Animator in tourism**

In the definition of the animation, there is no universally accepted interpretation, but each definition emphasizes the substantial sense of animation such as interest in people and his experience.

Animation as the process of leading people in its free time by engagement in certain activities describes polish author Wolanská (KACVINSKY, 2008). Pompl (1983) offers another definition where person of animator is perceived as a human who plans activities around entertainment, whether sports, children or nights show in hotels, water parks, entertainments parks. On the other hand he or she could be a specialist in Public Relations with a great talent to work with people.

#### **2.1.1 Socio- economic importance of animation services providing**

Animation will incur costs for the company offering such services, yet it can be deployed successfully and profitability in different areas by framing company policies relating to animation services so as to achieve a specific goals (POMPL, 1983).

- Animation can be viewed as a supporting tool for marketing goal through creating better image and position in the market.
- Guests participating in an animation programme stay in hotel and spend money on beverages and food what leads to a higher turnover
- Well – trained animation might be connected with increasing customer satisfaction. Two factors influence higher rates of bookings: 1. Recommendations, 2. Tourists who re-book identical holidays.
- Animation is compensation for bad weather (POMPL, 1983).

#### **2.1.2 Animation as service in tourism**

Jakubíková (2012) classifies animation services as a part of tourism services, in the category of "delivery services" and stresses that it is a comprehensive service where the realization of cooperation between the various parties and also coordination of activity in a recreation area is needed to make visitors satisfied. In terms of division significance in consumption by tourists is among the complementary services which are services associated with the use of attractions characteristic of the recreational facility. Depending on the nature of consumption may be categorized as personal services, where the net effect will come immediately. These are mostly services that are free of charge, which may also fall within the socio-cultural, sports and recreational services (JAKUBÍKOVÁ, 2012).

## **2.2 Theoretical background for external analysis of the company**

Author of this diploma thesis selects to identify external environment using Pestel analysis and Porter Five Forces Analysis.

### **2.2.1 Definition of PESTEL analysis**

All companies need to identify external factors within their environment that could have an impact on their operations. Many of these will be things that the organization has no over control, but the implications of which need to be understood. One of the popular tool for identifying these external factors is the PESTLE analysis, which considers following areas: Political, Economic, Social, Technological, Legal, Environmental (TEAM FME, 2013).

#### **Political Factors**

This category of factors concerns the current and potential influences from political issues (GRASSEOVÁ et al., 2010).



Picture 1: Political factors (SOURCE: Author's own work elaborated according TEAM FME, 2013)

### **Economic Factors**

Economic factors focus on the impact of local, national and world economy (GRASSEOVÁ et al., 2010).



Picture 2: Economic factors (SOURCE: Author's own work elaborated according TEAM FME, 2013)

### **Social Factors**

For showing the ways how changes in society affects the organization are used social factors (GRASSEOVÁ et al., 2010).



Picture 3: Social factors (SOURCE: Author's own work elaborated according TEAM FME, 2013)

### **Technological Factors**

The group of technological factors represents the effect of new and emerging technology (GRASSEOVÁ et al., 2010).



Picture 4: Technological factors (SOURCE: Author's own work elaborated according TEAM FME, 2013)

### **Environmental factors**

Environmental factors consist of local, national and world environmental issues (GRASSEOVÁ et al., 2010).



Picture 5: Environmental factors (SOURCE: Author's own work elaborated according TEAM FME, 2013)

### **Legal Factors**

The effect of legislation is described by legal factors (GRASSEOVÁ et al., 2010).



Picture 6: Legal factors (SOURCE: Author's own work elaborated according TEAM FME, 2013)

## **2.2.2 Definition of Porter five forces analysis**

### **Current competitor rivalry**

Each competitor is jockeying for position through price, quality or service. Industry rivalry increases when there is little difference between players, those players are few,

and evenly sized, the market is mature with slowing growth, there are high exit costs and there are low switching costs (CHEVERTON, 2004).

### **The threat of new entrants**

New entrants are attracted by potential profitability or growth of the market, or possibly by the failings of the incumbents. New forces spot gaps in the market left by the ever-repositioning major players. Generally, new entrants are most likely when the market is attractive, existing players are weak and entry barriers (and costs) are low (CHEVERTON, 2004).

### **The threats of substitute products or services**

Replacing the offer through new technology or a lower-cost alternative. Substitutes are most likely when technology takes a leap forward, or existing players are weak (CHEVERTON, 2004).

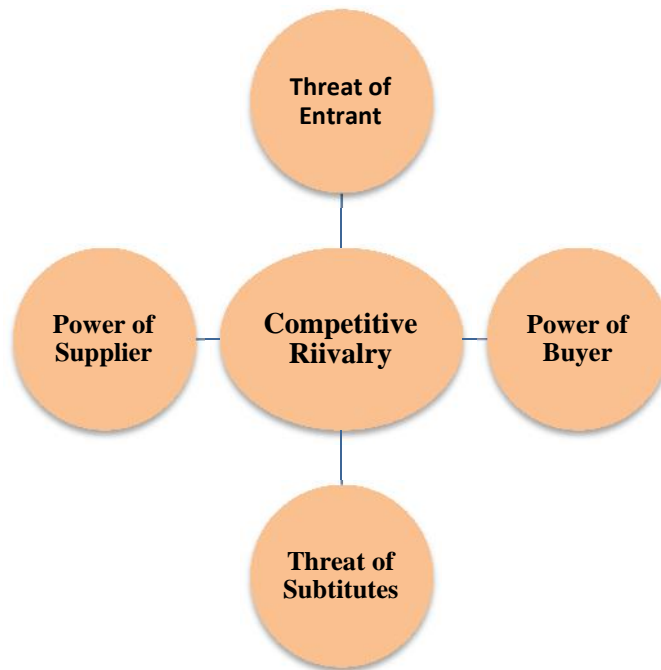
### **The bargaining power of customers**

Buyer power increases when buyers are much bigger than sellers, sellers fail to differentiate their offers, the products concerned are of low importance to the customer as well as switching costs are low (CHEVERTON, 2004).

### **The bargaining power of suppliers**

In this context, bargaining power of suppliers can be explained through merger and consolidation, often through the provision of increasingly specialist, high-value and unique services. At the other end of the supply chain, major suppliers can wield enormous power, either through brand names or simply through the scale of their operation.

Suppliers' power increases when they are a critical component in the customer's product (or life), when suppliers are much superior than customers, or when there are high switching costs (CHEVERTON, 2004).



Picture 7: Porter 5 Forces (SOURCE: Author's own work elaborated according CHEVERTON, 2004)

## 2.3 Theoretical background for internal analysis of the company

To enhance understanding of company environment are used following analysis: 7S analysis, Financial Analysis, SWOT Analysis.

### 2.3.1 Definition of Mc Kinsey 7S model

7S model (tool) is approach to analyse the internal environment of an organisation. According to the model, the most important elements of an organisation must be attuned to each other. Furthermore, it can also be used for developing future strategy, as the component of the internal analysis and marketing plan (MUILWIJK, 2014)

**STRUCTURE** - how is the organization established? Functions, competencies, hierarchy, division of work, etc. **STRATEGY** - what is the established strategy of the organization? How the targets must be realized? **SYSTEMS** – company systems are

about communication streams, procedures, agreements etc. **STYLE** - refers to the management leadership. **SKILL** - The capabilities and competencies that exist within the company. **SHARED VALUES** – represents the values and beliefs of the company **STAFF**- the company's people resources and how they are developed, trained and motivated (MUILWIJK, 2014)

### **2.3.2 Theoretical background for financial analysis**

Financial analysis is a tool used by existing and potential shareholders of a company, as well as lenders or rating agencies. For shareholders, financial analysis assesses whether the company is able to create value. The purpose of financial analysis, which primarily involves dealing with economic and accounting data, is to provide insight into the reality of company's situation on the basis of figures. Financial analysis should be regarded as a rigorous approach to the issues faced by a business that helps rationalise the study of economic and accounting data (VERNIMMEN et al., 2009).

The following part presents selected financial ratios used in practical part of this diploma thesis.

#### **2.3.2.1 Definition of proportion ratios analysis**

Proportion ratios belong to fundamental technical analysis methods of financial analysis. The indicators work with the basic arithmetic operations and indicators. Those can be divided into following categories.

##### **➤ Characteristics of Profitability indicators**

Among the most watched indicators of financial analysis is profitability. Profitability indicators can be characterized as the most comprehensive method for assessing a business activities (KHOSLA, 2014).

**Return on assets** - the first described formula from profitability indicators looks at the ability of a company to utilize its assets to gain a net profit. Ratio is used to measure efficiency of the business in using its assets. **ROA= Net income/total assets** (PARRINO AND KIDWELL, 2010)

**Return on investments** –ROI is the most common profitability ratio, generally ratio shows the profit earned from each investment. It is calculated as a percentage in simple terms: **ROI= EBIT/ total equity** (R KOVÁ, 2008)

**Return on equity** – generally ROE measures net income as a percentage of the stockholders' investment in the firm. The indicator is determined by the firm's ROA and its use of leverage. The greater the use of debt in the firm's capital structure, the greater the ROE. Thus, increasing the use of leverage is one way management can increase the firm's ROE. The greater the use of financial leverage, the higher risk for company. How aggressively a company uses this strategy depends on management's preferences for risk and the willingness of creditors to lend money and bear a risk.

**ROE= Net income / total equity** (PARRINO AND KIDWELL, 2010)

**Return on sales** – helpful measure to management that provides insight into how much profit is being produced per euro of sales. As with many ratios is recommendable to compare company's ROS over time to look for trends, and compare it to other companies in the industry. An increasing ROS indicates the company is growing more efficient, while a decreasing ROS could signal looming financial troubles. **ROS= EBIT/ sales** (R KOVÁ, 2008)

### ➤ **Characteristics of Liquidity indicators**



Liquidity is ability to convert noncash assets into cash or to obtain cash to meet impending obligations. Moreover, it is affected by ability to obtain financing and to postpone cash payments. **When evaluating seasonal business a year- and financial data are not representative** (SHIM AND SIEGEL,1988).

**Current ratio-** current ratio indicates a company's ability to meet short-term debt obligations. The current ratio measures whether or not a firm has enough resources to pay its debts over the next 12 months. The recommended value fluctuates between 1,5 to 2,5.

**Current ratio = Current assets/ Current liabilities** (SHIM AND SIEGEL,1988).

**Quick ratio-** the quick ratio is similar to the current ratio except that inventory is subtracted from current assets in the numerator. This change reflects the fact that inventory is often much less liquid than other current assets. Inventory is the most difficult current asset to convert to cash without loss of value. The recommended value should reach 1,0 to 1,5. **Quick ratio= Current assets-Inventory/ Current liabilities** (PARRINO AND KIDWELL, 2010).

**Cash ratio** – the last described ratio from liquidity ratios ranks into the numerator only the short- term financial asset. The recommended value depends on the company industry.

**Cash ratio= Short-term financial asset/ current liabilities** (DLUHOŠOVÁ, 2008).

### ➤ **Characteristics of Leverage ratios**

Leverage ratios measure the extent to which a firm uses debt rather than equity financing and indicate firm's ability to meet its long- term financial obligations, such as interest payments on debt and lease payments. The ratios are also called long- term solvency ratios. They are of interest to the firm's creditors, stockholders and managers (PARRINO AND KIDWELL, 2010).

**Debt ratio** – measures the extent to which the firm finances its assets from sources other than the stockholders. The higher the total debt ratio, the more debt the firm has in its capital structure (PARRINO AND KIDWELL, 2010). Debt ratios, along with other

metrics such as profitability and liquidity, should be used to paint a holistic picture of the company's financial health (MONEY-ZINE, 2015). **Debt ratio = Total liabilities / total assets** (PARRINO AND KIDWELL, 2010)

**Self-Financing ratio** - the indicator represents the extent of insolvency of owner's equity and inform about structure of corporate finance. Together with debt ratio create value 1. **Self-Financing ratio = Owner's Equity/ Total assets** (SEDLÁ EK, 2009)

**Times interest Earned** – this ratio measures the extent to which operating profit (earnings before interest and taxes, or EBIT) cover the firm's interest expenses. Creditors prefer to lend to firms whose EBIT is far in excess of their interest payments. **Times interest Earned= EBIT/ Interest expenses** (PARRINO AND KIDWELL, 2010).

**Debt service coverage ratio** – how long company can repay all its liabilities by using its operational cash flow is represented by debt service coverage ratio. **Debt service coverage ratio liabilities / operational CASH FLOW** (FAP, 2015).

**Interest coverage from operating cash flow** – the indicator measures the company's ability to pay interests by using operating CF. Generally as negative value is considered value 2,5 x and lower. **Interest coverage from operating cash flow = (operating CASH FLOW + interest expenses) / interest expenses** (FAP, 2015).

### ➤ Characteristics of Efficiency Ratios

Group of ratios, called efficiency ratios or asset turnover ratios, which measure how efficiently a firm uses its assets to generate sales. These ratios are most useful to managers to identify inefficiencies in operations, and to creditors, who use them to find out how quickly inventory can be turned into receivables and ultimately into cash that can be used to satisfy debt obligations (PARRINO AND KIDWELL, 2010).

**Accounts receivable turnover** – the ratio measures the speed at which a firm converts its receivable into cash. A firm that collect its receivable faster is generating cash faster.

**Accounts receivable turnover = receivables/((daily sales)/360)** (KHOSLA,2014).

### **Asset turnover ratios**

The theoretical part of diploma thesis turns next to a discussion of some boarder efficiency ratios. The section discusses two ratios that measure how efficiently management is using the firm's assets to generate sales (PARRINO AND KIDWELL, 2010).

**Total asset turnover**– total assets turnover measures the euro amount of sales generated with each euro of total assets. Generally, the higher the total asset turnover, management, the more efficiently management is using total assets. **Total asset turnover =Net sales / Total assets** (KHOSLA, 2014).

**Fixed asset turnover**- this kind of formula is used when management may want to see how particular types of assets are put to use. **Fixed asset turnover =Net sales / Net fixed assets** (KHOSLA, 2014).

**Receivable Turnover Period** – the ratio indicates how quickly a company collects outstanding cash balances from its customers during an accounting period. The ratio should be lower in comparison with Payables Turnover Period as the consequence of sooner collection of money from customers than payments to suppliers.

**Receivable Turnover Period= Receivable/ (daily sales/360)** (KHOSLA, 2014)

**Payables Turnover period**- the ratio represents how many days it takes before the company pay to suppliers. **Payables Turnover Period= Payables/ (daily sales/360)** (KHOSLA, 2014)

### **2.3.2.2 System of ratios analysis**

In the conditions of an economic unit and in conditions of a competition existence, it is

very important to have the bankruptcy determined some years before it happens in reality. The subsequent system of ratio evaluates the overall financial situation whereas the previous group of indicators focus on the particular field (KISLINGEROVÁ, 2005).

These indicators are:

### **Altman index**

or as well called Z-score was published by Edward I. Altman in 1968. The main intention of formula is probability prediction of company bankruptcy. The Z-score uses multiple corporate income and balance sheet values to measure the financial health of a company (R KOVÁ, 2008).

$$Z = 0,717 * X1 + 0,847 * X2 + 3,107 * X3 + 0,420 * X4 + 0,998 * X5$$

where

X1 = working capital / assets

X2 = retained earnings./ assets

X3 = EBIT / assets

X4 = market value of equity/liabilities

X5 = sales/assets (BARTOŠ, 2013b)

Interpretation of results: For values lower than 1.2 - Bankruptcy zone

For values from 1.2 to 2.9 - Grey zone

For values above 2.9 – Prosperity zone

### **Index IN 05**

Another system of ratios used for evaluation the financial health of company is Index IN05. The system is comprised from the several parts such as Altman index

X1 = assets/ liabilities

X2 = EBIT/ interest expenses

X3 = EBIT/ ROA

X4 = sales/ assets

$X5 = \text{current assets} / (\text{short term liabilities and short-term bank loans and overdrafts})$

Interpretation of results: For companies with final value lower than 0,9, Index IN 05 represents 97% probability of bankruptcy and 76% probability that companies will not create value for their shareholders. For companies with value between 0,9-1,6, Index IN05 represents 50 % probability of bankruptcy and 70 % probability that companies will create value for their shareholders. That last category involves companies with value of Index IN 05 higher than 1,6. The value represents 92 % probability that companies will not bankrupt and 95 % probability will create value for their shareholders (ZIKMUND, 2011).

### 2.3.3 Definition of Kralicek quick test

Kralicek Quick Test has been developed in 90s. It is recognized such as an important tool for the determination of financial situation of an economic unit. To reach a conclusion related to financial state of an economic unit using Kralicek Quick Test, it is necessary to have available some indicators taken from the balance sheet and the profit and loss account. This method offers **quick and correct valuation of paying disability**. Valuation is based on the estimation of four factors (two indicators of financial stability and two indicators of efficiency). Depending on the value of estimated indicator, there is given a certain number of points. Received points, give the valuation of paying disability from 5 (well) to 0 (bankruptcy). The reached consideration, exhibits the weak sides of economic unit and allows to end up in the conclusion that which of the indicator groups can affect negatively in the general level of paying ability (POLO et. al., 2014).

Table 1: Kralicek's Quick Test Estimates ( Source: adapted from SEDLÁ EK, 2001)

INDICATORS	1 excellent	2 very well	3 well	4 poor	5 dangerous
Equity/ Total Assets	> 30%	> 20%	> 10%	> 0%	Negative

Debt settlement Period from Cash Flow	< 3 years	< 5 years	< 12 years	< 30 years	> 30 years
Operating Cash Flow / Sales	> 10%	> 8%	> 5%	> 0%	Negative
ROA	> 15%	> 12%	> 8%	> 0%	Negative

### 2.3.3.1 Limitations of financial analysis indicators

As big advantage of financial ratios is considered the simplicity. The calculations are typically very straightforward and usually require only a few data points (MONEY-ZONE, 2015). However, there is recognized couple of limitations in terms of results of financial analysis.

**Historical** - All of the information used in ratio analysis is derived from actual historical results. This does not mean that the same results will carry forward into the future.

**Historical versus current cost** - The information on the income statement is stated in current costs (or close to it), whereas some elements of the balance sheet may be stated at historical cost (which could vary substantially from current costs). This disparity can result in unusual ratio results.

**Inflation.** If the rate of inflation has changed in any of the periods under review, this can mean that the numbers are not comparable across periods.

**Accounting policies** - Different companies may have different policies for recording the same accounting transaction.

**Interpretation** - It can be quite difficult to ascertain the reason for the results of a ratio. For example, a current ratio of 2:1 might appear to be excellent, until the analyst realizes that the company just sold a large amount of its stock to bolster its cash position. A more detailed analysis might reveal that the current ratio will only temporarily be at that level, and will probably decline in the near future.

**Company strategy** - It can be dangerous to conduct a ratio analysis comparison between two firms that are pursuing different strategies. For example, one company may be following a low-cost strategy, and so is willing to accept a lower gross margin in exchange

for more market share. Conversely, a company in the same industry is focusing on a high customer service strategy where its prices are higher and gross margins are higher, but it will never attain the revenue levels of the first company.

**Point in time** - Some ratios extract information from the balance sheet. Be aware that the information on the balance sheet is only as of the last day of the reporting period. If there was an unusual spike or decline in the account balance on the last day of the reporting period, this can impact the outcome of the ratio analysis (ACCOUNTINGTOOLS, 2015).

#### 2.3.4 Definition of SWOT analysis

Next described analysis, is SWOT analysis. This is one of the best known of the marketing tools, one of the most used as well as one of the easiest to comprehend, but unfortunately also one of the most abused. As typical failings include a tendency to be **too general and superficial** (CHEVERTON, 2004).

The following table shows suggestions of weaknesses and strengths that are relevant for the company PRO-STAFF Ltd.

Table 2: Strengths and Weakness within SWOT analysis (SOURCE: Author's own work elaborated according KORÁB, 2007)

Company focus	Strengths	Weakness
Staff	Loyal and enthusiastic team	Dependence on one position
Experiences	Acquaintance of market and trends	Unqualified staff

Finances	Stable cash flow	Low liquidity
----------	------------------	---------------

The following table shows suggestions of opportunities and threats that are relevant for the company PRO-STAFF Ltd.

Table 3: Opportunities and Threats within SWOT analysis (SOURCE: Author's own work elaborated according KORÁB, 2007)

Environment focus	Opportunities	Threats
Labour market	Sufficient resources	Legalisation, Social benefits
Legalisation	Lower taxes	Law complexity, Costs
Globalisation	Market expansion	New competitors



### **3 ANALYSIS OF THE CURRENT SITUATION**

#### **3.1 PRO-STAFF Ltd. – Company presentation**

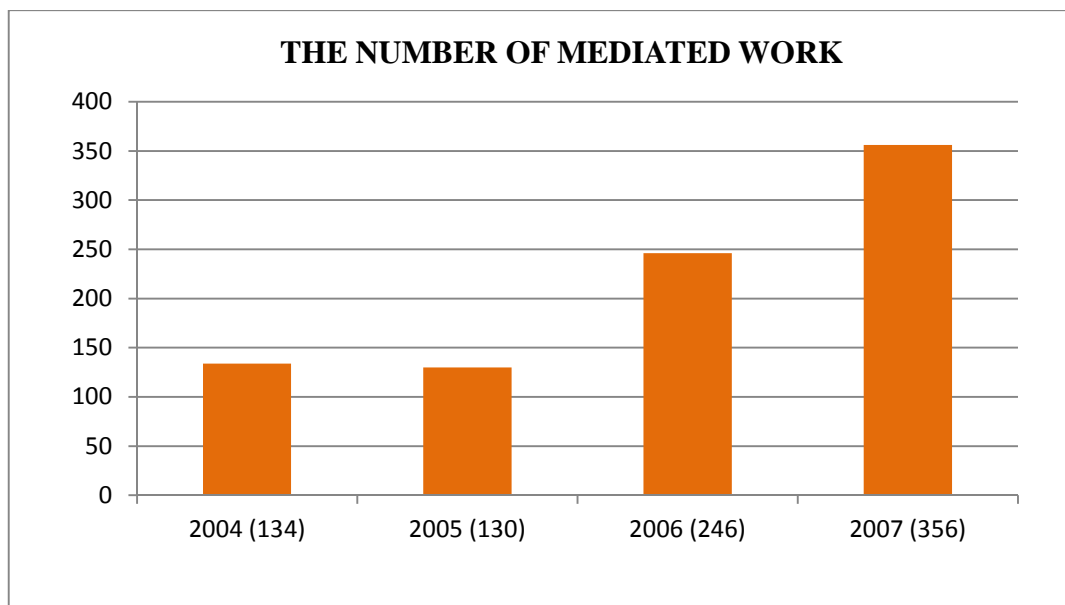
Pro-staff Recruitment Ltd. is the Slovak company operating in the tourism industry. Company focuses on services that are classified as soft services for the reason that consumption and production run concurrently and they cannot be exported (ERAMILLI et. al., 1993).

Pro-staff with its size belongs to Micro Business with 3 partners Mgr. Cyril ěrnák Mgr. Robert ěrnák and Ing. Karol Kacvinsky and with annual turnover of 600 000 Euro in year 2014. Recent years show upward trend ( ĚRNÁK, 2015).

Pro-staff Ltd. is a Slovak originated staff recruiting, animation and event company, with its headquarters in Slovakia. They offer variety of jobs in the tourism industry and organizing different kind of events.

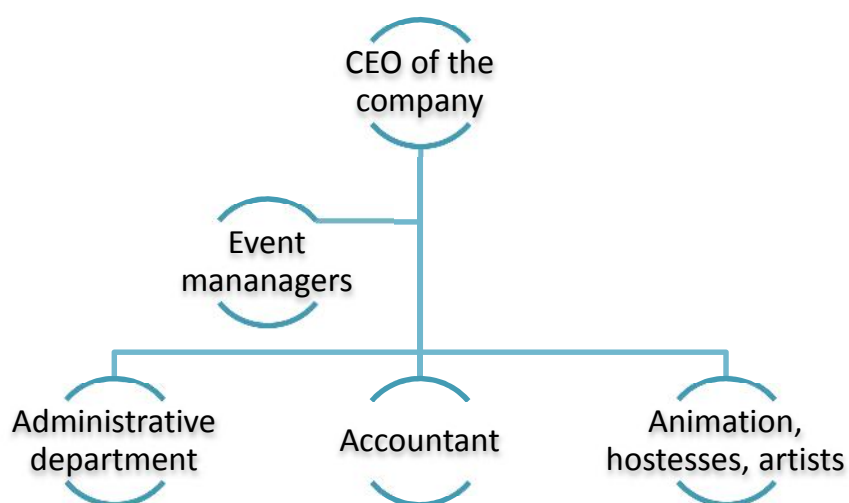
The firm was established by Mgr. Robet ěrnák in 2002. The company has been providing professional staff in all domains of tourism with highlights on the entertainment since 2002. The company was rewarded as one of the best among all recruitment companies in Slovakia in 2010 (PRO-STAFF, 2014).

The company was founded by a founder's deed 14 of October, 2011. Deposits of associates were 2210 euros, which are already repaid (ORSR,2014). Company operates under the authorization of mediation employment (number: AA/2007/7892/18433), issued by headquarters of Labour, Social Affairs and Family in Bratislava. Agency has its headquarters on the street J. Matušku 2/2303 Spišská Nová Ves 052 05, but the majority of its business activities operates from the office, which is located in capital city, Bratislava on the street Jablonovova 22. In addition, the provision of services is carried out by the workers in Business Center Poprad in office number 420 na Karpatska street 3256/15 05801 (KACVINSKY, 2008).



Graph 1: Historical development of mediated work by company PRO-STAFF Ltd.

(SOURCE: KACVINSKÝ, 2008)



Picture 8: Scheme of the organizational structure (SOURCE: Author's own work)

## OWNERS OF COMPANY

Name and Surname : **Mgr. Róbert ernák**

Adress: J.Matušku 2/2303 Spišská Nová Ves 052 05

Name and Surname: **Mgr. Cyril ernák**

Adress: J.Matušku 2/2303 Spišská Nová Ves 052 05

Name and Surname: **Ing. Karol Kacvinský**

Adress: Danišovce 053 22

## **3.2 Portfolio of Pro-staff's activities**

The following section focuses more specifically on the business activities relevant for this diploma thesis.

As mentioned above, company recruit staff and intermediate jobs in foreign countries in different domains within tourism industry with highlights on the entertainment. Besides that, the company mainly deals with providing entertainers services for hotels, ski, spa and wellness resorts as well as water parks or another tourist facilities in Slovakia. Moreover, Pro- staff Ltd. develops its business activities as an event agency' what means organization of children's birthday party, corporate event, cultural event etc., cooperation with event agency such as sub-supplier of related services. Organization has already set up business activities in Poland, Czech Republic and in the home country Slovakia. As event agency operates also in Germany.

### **3.2.1 Agency Pro-staff as a provider of animation services**

Company offers experienced entertainers and full animation services according to client's needs and requirements. Provision of animation services consist of personnel, material and technical support. Further, company adapts its offer in terms of time. They are able to fulfil client's requirements in short, medium, or long term assignments. Therefore, the leasing is possible for couple of hours, couple of days or for whole season. Agency Pro-staff Ltd., as the specialist for entertainment services, has many experiences in making individual entertainment programme for different kinds of the touristic establishments. When renting animation services for a few days or a weekend, the part of the program are day and evening activities. In the case of hiring entertainers for couple of hours, company offers daily programs for children, adults and seniors and evening programs on key as cabaret night, dances, senior night, karaoke, children's parties, etc. (PRO-STAFF, 2015).



Picture 9: Pro-staff logo for an animation agency (SOURCE: PRO-STAFF, 2015)

The evidence below shows prices for animation services providing. To prepare comparison with the competition has not been possible as the consequence of the lack of information sources. The data are internal company information.

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## **APPENDIX 1: INTERVIEW**



## **APPENDIX 2: QUESTIONNAIRE**

Dear friends, animators, hostesses, artists.

I would like to politely ask you to fulfil this questionnaire. I am a student of University of Technology in Brno, studying program European Business and Finance, currently writing diploma thesis for company Pro-staff Ltd. with the name Analysis of Selected Company by using selective methods. One of the selected methods is analysis of employee satisfaction and loyalty. Firstly, I would like to point out that questionnaire is anonymous. Secondly, to get qualitative input for my diploma research is one of the my objective, but to provide qualitative output for company owners and make better working conditions for you is a big challenge.

If you collaborate with me, it would be great. Thank you.

### **What is your age?**

- 1) 18-20
- 2) 21-30
- 3) 31-40
- 4) 41-50
- 5) 50 and more

### **What is your position?**

- 1) Manager/ Event coordinator
- 2) Accountant
- 3) Administrative department
- 4) Chef Entertainers
- 5) Entertainers/ hostesses

**1. How long have you worked at Pro-staff Ltd.?**

- 1) Less than 1 year in Slovakia (summer season or winter season)
- 2) 1-2 years in Slovakia (summer season or winter season)
- 3) 2-3 years in Slovakia (summer season or winter season)
- 4) 3-5 years in Slovakia (summer season or winter season)
- 5) More than 5 years

**2. Are you any family related to Mgr. Róbert Černák?**

- 1) Yes, we are cousins.
- 2) Yes, we are other family related as cousins.
- 3) No, we are friends.
- 4) No, I just know him as company owner.
- 5) No, I do not know him

**Communication and Information sharing**

**3. The company has good information system, I get the information on time and in required quality.**

- 1) Strongly agree
- 2) Somewhat Agree
- 3) Neither Agree nor Disagree
- 4) Somewhat Disagree
- 5) Strongly Disagree

**4. The company is making sufficient efforts to obtain an overview of the employee opinions and attitudes.**

- 1) Strongly agree
- 2) Somewhat Agree

- 3) Neither Agree nor Disagree
- 4) Somewhat Disagree
- 5) Strongly Disagree

## **Employee loyalty**

### **5. Have you ever got a job offer from another animation (event) agency / Pro – staff's competitor?**

- 1) No, I have not.
- 2) Maybe yes, but I do not remember
- 3) Yes, I have got, but I have never accepted it.
- 4) Yes, I have already got any offers but I have got job opportunity from Pro-staff Ltd at the same time and I choose Pro-staff Ltd.
- 5) Yes, I have and I have accepted it.

### **6. Which of the following agencies have contacted you? Respond only when you have got job offer from another company.**

- 1) Panda animation
- 2) Stageman animation Ltd.
- 3) I have got direct job offer from Pro-staff's partner while I made animation program there.
- 4) I have got job offer from former Pro-staff's employee.
- 5) Others

### **7. Why you have accepted this job offer? Respond only when you have accepted job offer from another company**

- 1) Better financial remuneration
- 2) Company name
- 3) Benefits for animators
- 4) I have not been satisfied with my position

- 5) Any another reason

**8. Have you ever used know – how from Pro-staff Ltd. while making animation program for another company? Respond only when you have accepted job offer from another company.**

- 1) No, I have got proper animation program from company I have worked for.
- 2) I have used part of Pro-staff program.
- 3) I have used Pro-staff program but I have changed it according specific needs.
- 4) I have used fully Pro-staff's know-how.
- 5) Others

### **Employee relationship to Pro-staff**

**9. Have you lately thought about leaving the company?**

- 1) No.
- 2) Yes. I consider inadequate financial rewards in comparison with required skills and competencies as well as dedicated time.
- 3) Yes. I do not see career growth.
- 4) Yes as the consequence of interpersonal communication into the company.
- 5) Any other possible reason

**10. How long are you planning to work for Pro-staff Ltd.**

- 1) Until the end of summer season
- 2) Until my university graduation
- 3) Between 2-3 years
- 4) Between 3-5 years
- 5) More than 5 years

**11. Generally, I consider Pro-staff as well managed company.**

- 1) Strongly agree
- 2) Somewhat Agree

- 3) Neither Agree nor Disagree
- 4) Somewhat Disagree
- 5) Strongly Disagree

**12. Would you recommend Pro-staff as a good employer?**

- 1) Absolutely Yes
- 2) Somewhat Yes
- 3) Neither Yes nor No
- 4) Somewhat NO
- 5) Absolutely NO

**SATISFACTION**

**13. I have tools and resources to do my job well.**

- 1) Strongly agree
- 2) Somewhat Agree
- 3) Neither Agree nor Disagree
- 4) Somewhat Disagree
- 5) Strongly Disagree

**14. I consider my job reward fairly related to my work performance**

- 1) Strongly agree
- 2) Somewhat Agree
- 3) Neither Agree nor Disagree
- 4) Somewhat Disagree
- 5) Strongly Disagree

**15. If I do good job, I get recognition.**

- 1) Strongly agree
- 2) Somewhat Agree
- 3) Neither Agree nor Disagree
- 4) Somewhat Disagree

5) Strongly Disagree

**16. My work gives me a sense of personal achievement**

- 1) Strongly agree
- 2) Somewhat Agree
- 3) Neither Agree nor Disagree
- 4) Somewhat Disagree
- 5) Strongly Disagree

**17. Considering job generally, what is the most important to you from the following list?**

	Important	1	2	3	4	5	Unimportant
Wage		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Interpersonal relationships		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Career growth		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Job guarantee		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Free time		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

**18. What suggestions do you have for the improvement of your working conditions?**


- 1) Better financial remuneration.
- 2) Better interaction between coordinators and animators, hostesses and artists
- 3) Employee benefits
- 4) I do not
- 5) Others

**End of questionnaire.**

*Thank you for your cooperation*

## APPENDIX 3: EMAIL DISCUSSION- INTRANET

intranet



Tom Kugler <tomasek.kugler@gmail.com>

to Denisa

10:56 PM (18 minutes ago)

☆

Deniso,

Nenavrhuješ intranet v pravým slova smyslu a pro účely Pro-staffu bude vhodnější webová aplikace s tvým požadovaným funkce. Ušetříš tím investice do hardwaru, tvorby IT infrastruktury a člověka který se o to bude starat. Aby ses vyloučila těmito počátečními investicím, nabízí se cloudové řešení intranetu, nicméně tyto předchystané softwarové balíky zpravidla v sobě obsahují celou řadu nepotřebných služeb, jsou ceněny podle počtu licencí a zpravidla jsou určeny velkým firmám se stálými zaměstnanci. Jelikož má pro-staff 200 lidí (kteří se ještě k tomu často střídají) a 200 licencí by pro ně bylo nákladově nepřijatelné, rozhodli se pro tvorbu vlastní aplikace, která bude na míru a bude běžet na pronajatém webovém prostoru. Náklady s realizací byly odhadnuty firmou následovně:

Programátor - náklady: 45000-60000 Kč  
mzda: 300kč/h  
časová náročnost: 150-200h  
Servis/úpravy – 1000-3000 Kč měsíčně  
Webhosting – 540kč/měsíc

Přeju hezký den  
Tom K.

## **APPENDIX 4: FINANCIAL STATEMENTS OF COMPANY**